

FDIC State Profile

Spring 2004

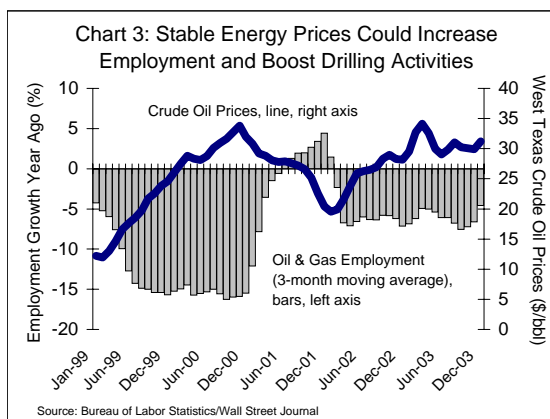
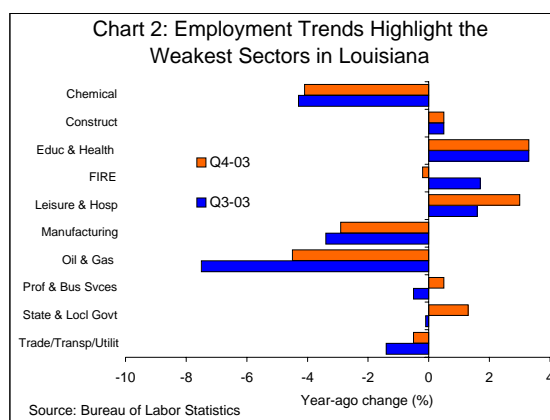
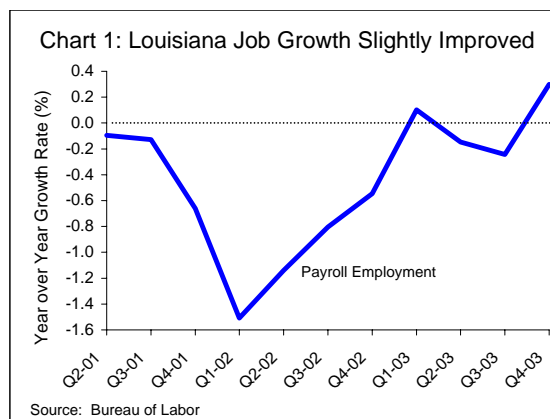
Louisiana

Labor market conditions slightly improved in Louisiana at year-end 2003.

- After two years of decline, employment levels in Louisiana rose slightly in 2003 (See Chart 1.)
- During the fourth quarter 2003, employment in the areas of healthcare, education, and state and local government expanded at rates above 1 percent on year over year basis as of fourth quarter.
- Employment also grew well (3 percent) in the leisure and hospitality sector. This sector accounts for more than 10 percent of jobs in Louisiana, and is a proxy for the important tourism sector.
- In contrast, significant rates of job losses occurred in the oil and gas, chemical, and manufacturing industries (See Chart 2.) The chemical industry was hit hard by the high cost of natural gas, which pushed prices up, leading customers to buy from foreign suppliers.¹

Employment in the Louisiana oil and gas sector had yet to benefit from high and stable crude oil prices during 2003.

- The energy sector remains a dominant contributor to the state economy, accounting for 19 percent of gross state product as of year-end 2001 (most recent data available), down from 30 percent at year-end 1981. (See Chart 3.)
- Energy sector employees are well compensated; as a result, even modest changes in the industry have a significant effect on income in natural resource-dependent areas. OPEC's stated plan, to reduce crude oil output by about 9 percent beginning April 2004, indicates prices are likely to remain in a range above \$25 per barrel, the level at which employment has historically begun to rise, albeit with some lag.
- Record yields for most major crops in Louisiana coupled with favorable commodity prices are expected to have boosted farm income in 2003 (final 2003 figures have not been released).



¹Since natural gas prices spiked in 2000, the chemical industry shed approximately 4,000 jobs, representing 8 percent of total chemical employment in 2003.

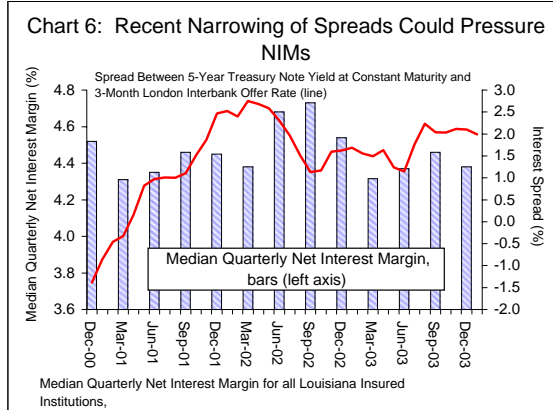
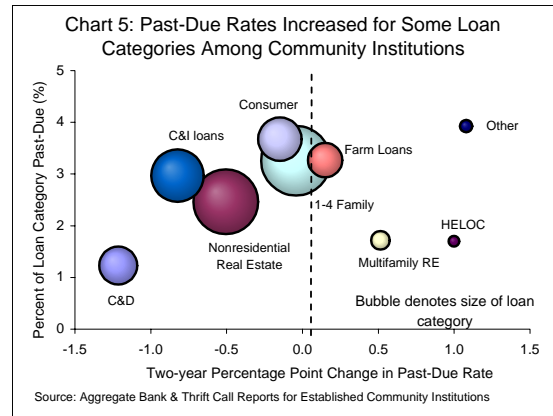
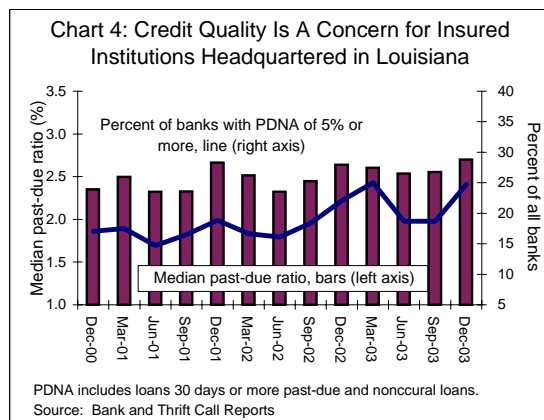
State Profile

Median past-due loan levels among insured institutions in Louisiana reached a multi-year high.

- Past-due and nonaccrual loan levels reported by insured institutions headquartered in Louisiana reached 2.70 percent of total loans at year-end 2003, the highest quarterly level since first quarter 1997.² (See Chart 4.)
- Additionally, one of four insured institutions recorded a past-due ratio of 5 percent or more in fourth quarter 2003, matching the previous peak in first quarter 2003. Although relatively small in the share of total loans, several loan categories contributed to the overall credit quality deterioration among insured institutions in Louisiana. (See Chart 5.) These include other loans, multi-family real estate and home equity loans.
- The median consumer past-due and nonaccrual loan ratio was 2.92 percent at year-end 2003, slightly down from one-year ago, but 13 basis points above the previous quarter. As a result, Louisiana had the eighth highest median-PDNA ratio in the nation.

Future earnings among insured institutions in Louisiana may be pressured.

- The median quarterly net interest margin (NIM) was 4.40 percent in fourth quarter 2003 for insured institutions in Louisiana, virtually unchanged from one-quarter ago, but down significantly from 4.57 percent one-year ago. (See Chart 6.)
- As the national economy gains momentum, interest rates are expected to rise. Traditionally, net interest margins for Louisiana community banks have been adversely affected by rising interest rates, as most insured institutions are liability sensitive, with liabilities repricing more quickly than assets.



²The median past-due ratio (previously peaking at 3.04 percent in first quarter 1997) was 2.55 percent and 2.64 percent in third quarter 2003 and fourth quarter 2002, respectively.

Louisiana at a Glance

General Information	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Institutions (#)	170	172	175	182	186
Total Assets (in thousands)	53,731,604	50,050,494	47,504,960	56,136,689	55,066,379
New Institutions (# < 3 years)	0	1	9	14	16
New Institutions (# < 9 years)	16	17	17	18	20
Capital	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Tier 1 Leverage (median)	9.78	10.27	9.95	10.36	10.32
Asset Quality	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Past-Due and Nonaccrual (median %)	2.70%	2.64%	2.67%	2.35%	2.25%
Past-Due and Nonaccrual >= 5%	42	38	33	31	30
ALLL/Total Loans (median %)	1.29%	1.29%	1.31%	1.30%	1.30%
ALLL/Noncurrent Loans (median multiple)	1.64	1.43	1.59	1.77	1.91
Net Loan Losses/Loans (aggregate)	0.33%	0.40%	0.42%	0.48%	0.47%
Earnings	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Unprofitable Institutions (#)	2	3	5	11	19
Percent Unprofitable	1.18%	1.74%	2.86%	6.04%	10.22%
Return on Assets (median %)	1.07	1.06	0.95	1.01	0.95
25th Percentile	0.73	0.77	0.67	0.64	0.68
Net Interest Margin (median %)	4.40%	4.57%	4.42%	4.58%	4.51%
Yield on Earning Assets (median)	5.98%	6.71%	7.78%	8.27%	7.82%
Cost of Funding Earning Assets (median)	1.65%	2.25%	3.47%	3.78%	3.36%
Provisions to Avg. Assets (median)	0.15%	0.13%	0.15%	0.14%	0.14%
Noninterest Income to Avg. Assets (median)	0.95%	0.84%	0.84%	0.79%	0.82%
Overhead to Avg. Assets (median)	3.53%	3.44%	3.46%	3.49%	3.46%
Liquidity/Sensitivity	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Loans to Deposits (median %)	70.43%	70.28%	69.24%	71.48%	70.12%
Loans to Assets (median %)	60.54%	59.45%	58.82%	59.90%	59.11%
Brokered Deposits (# of Institutions)	15	14	13	10	8
Bro. Deps./Assets (median for above inst.)	1.23%	1.31%	1.42%	2.20%	3.02%
Noncore Funding to Assets (median)	19.19%	18.57%	18.25%	17.73%	17.14%
Core Funding to Assets (median)	68.50%	69.04%	69.78%	70.02%	71.13%
Bank Class	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
State Nonmember	121	122	125	129	131
National	15	15	16	18	19
State Member	3	3	2	2	3
S&L	20	21	21	21	21
Savings Bank	9	8	8	9	9
Stock and Mutual SB	2	3	3	3	3
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	90	10,650,580	52.94%	19.82%	
New Orleans LA	29	32,089,812	17.06%	59.72%	
Lafayette LA	22	4,969,619	12.94%	9.25%	
Baton Rouge LA	10	2,743,172	5.88%	5.11%	
Shreveport-Bossier City LA	8	759,922	4.71%	1.41%	
Houma LA	6	747,968	3.53%	1.39%	
Monroe LA	2	479,809	1.18%	0.89%	
Lake Charles LA	2	932,766	1.18%	1.74%	
Alexandria LA	1	357,956	0.59%	0.67%	